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FOR IMMEDIATE RELEASE: Thursday, Sept. 21, 2000

State insurance regulator fines two companies regarding WKU student health insurance

FRANKFORT, KY. - The Kentucky Department of Insurance concluded today that The Chickering Group offered health insurance to Western Kentucky University students without required licenses to do business and Aetna was accountable for these lapses.

Insurance Commissioner George Nichols III announced today that Aetna owes a total of \$10,000 in fines for using Chickering, an unlicensed agent and third party administrator based in Cambridge, Mass. Chickering owes \$8,000 in fines for not having the two required licenses and is on a one-year probation as a sanction.

The department ruled that two formal complaints from a student and parent were justified and led to the sanctions against Aetna and Chickering.

Chickering sent notices to approximately 10,000 WKU students on June 14 and June 22, informing students they would automatically get health insurance unless students specifically acted to stop the coverage through a waiver form.

On behalf of the two consumers who filed formal complaints, the department complained to Chickering and Aetna that the marketing practices were unfriendly to consumers because of the burden placed on students and parents to stop coverage rather than sign up for coverage. However, the department concluded the practices did not violate state law.

"We commend WKU administrators for responding to complaints from students and parents by announcing they will no longer allow this type of sales practice in the future and took immediate steps to process the waivers or coordinate refunds," Nichols said.

Effective immediately, Aetna will assume responsibility for processing valid pending claims and assure students get the promised insurance coverage. Chickering now has pending applications for the appropriate licenses but is not authorized to do business in Kentucky until approval is granted.